GOVERNMENT OF INDIA
PANCHAYATI RAJ
LOK SABHA

UNSTARRED QUESTION NO:2823
ANSWERED ON:05.12.2007
DELEGATION OF FINANCIAL POWERS TO PANCHAYATS
Gao Shri Tapir

Will the Minister of PANCHAYATI RAJ be pleased to state:

(a) the names of States which have still not delegated the financial powers to the Panchayats;

(b) the names of States which have fully delegated such powers to the Panchayats;

(c) whether there is any proposal for Constitutional Amendment to transfer the subject of Panchayati Raj from the Directive Principles section to the Fundamental Rights section;

(d) if so, the details thereof; and

(e) the steps taken/proposed to be taken to ensure implementation of the provision of Panchayati Raj Act in letter and spirit in the States of India?

Answer

MINISTER OF PANCHAYATI RAJ (SHRI MANISHANKAR AIYAR)

(a)&(b): Devolution of financial powers to Panchayats requires a number of steps to be taken by the State Governments. These include, inter alia the following:

(a) Activity mapping for each devolved functions tier-wise matched by similar mapping of finances and functionaries;

(b) Inclusion of a PRI component in the budget of each State/Central Government department based on activity mapping;

(c) Provision of progressively larger untied funds, tier-wise, to the Panchayats by State/Central governments;

(d) A schedule, of time frames within which State Finance Commissions should prepare their reports and submit recommendations for Action Taken Reports;

(e) Steps to encourage PRIs to raise their own resources.

Inclusion of a Panchayat Sector window in State Budget is the single most essential element of institutionalteation of the transfer of funds to the Panchayats. The system of creating a Panchayat Sector window in the budgets of States has been adopted by several States including Chhattisgarh, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Gujarat and Rajasthan. However, the efficacy of the system varies from State to State.

(c): No, Sir.

(d): Does not arise.

(e): The Ministry of Panchayati Raj organized 7 Round Table Conferences of State Ministers of Panchayati Raj between July and December 2004 at which the road map for the empowerment of Panchayati Raj Institutions (PRIs) was agreed upon. These covered the effective devolution of functions, finances and functionaries to PRIs, planning by Panchayats, capacity building and training of elected Panchayati Raj representatives and IT enabled e-governance among others. The devolution of functions to PRIs through the assignment of activities to each level of Panchayats with concomitant transfer of funds and functionaries is the key to the empowerment of PRIs. The Ministry of Panchayati Raj has constantly followed up on these with the States through the institutional mechanism of the Meetings of the Committee of State Secretaries of Panchayati Raj and the Council of State Ministers of Panchayati Raj and the Joint Statements of Conclusions (MoUs) signed by the Union Minister of Panchayati Raj with Chief Ministers of States and the appropriate authorities in Union Territories. 22 Joint Statements of Conclusions have so far been signed.